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TOURISM BRITISH COLUMBIA

CANADA ®

Tourism British Columbia
Annual Report
2004/05

BEST EMPLOYER
BCBUSINESS Watson Wyatt

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TABLE OF CONTENTS

Chair's Letter to Minister	3
President's Message	4
Organization Overview	5
Report on Performance	16
Alignment to Government's Strategic Plan	23
Financial Report	24
Corporate Governance	37
Board of Directors	38
Glossary	41
Tourism British Columbia Offices	42

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Honourable John Les
Minister of Small Business and Economic Development
Minister Responsible for Tourism British Columbia

Dear Minister,

On behalf of the Board of Directors, senior management and employees, it is my privilege to submit the annual report on performance of Tourism British Columbia for the year ended March 31, 2005. The Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the contents of the report, including the selection of performance measures and how the results have been reported. The information presented reflects the actual performance of Tourism British Columbia for the 12 months ended March 31, 2005. All significant decisions, events and identified risks, as of May 24, 2005, have been considered in preparing the report.

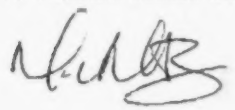
The information presented is prepared in accordance with the BC Reporting Principles and represents a comprehensive picture of our actual performance in relation to our Service Plan.

With a return to growth in 2004/05, the BC tourism industry entered into the first critical phase of the Olympic tourism marketing cycle, including development of a long-term tourism marketing strategy to capitalize on opportunities before, during and after the 2010 Olympic and Paralympic Winter Games. The strategic plan was produced with input from communities, tourism organizations and key stakeholders and was launched at the BC Tourism Industry Conference on February 25, 2005.

On September 25, 2004, the provincial government announced significantly increased funding for Tourism British Columbia, from $25 to $50 million. This incremental funding will allow for the implementation of enhanced promotional programs, in addition to introducing new industry and community development activities towards achieving the goal of doubling tourism revenues by 2015 to $19.6 billion.

Tourism British Columbia has enjoyed many successes in fiscal 2004/05. In addition to numerous marketing accomplishments and industry development initiatives, one of the most gratifying achievements was to place second on the list of *Best Companies to work for in BC* according to Watson Wyatt Worldwide (*BC Business Magazine*, Dec/04).

I believe fiscal 2004/05 was an important milestone year for the industry and for our organization. As we enter the implementation phase of our strategy, I would like to offer my sincerest appreciation to the staff of Tourism British Columbia for all their efforts and to my fellow board members for their dedication.



Michael Duggan
Chair, Board of Directors

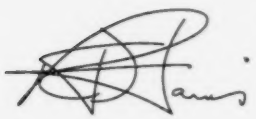
PRESIDENT'S MESSAGE

Among many achievements in fiscal 2004/05, several are particularly rewarding. With an investment of $4.1 million from Tourism British Columbia, the highly acclaimed *BC Escapes*® consumer marketing initiative generated $51.5 million in tourism revenues directly attributable to the campaign. The corporation was proud to launch the Spirit of 2010 Trail, which will energize many communities throughout southern British Columbia. After more than five years of working with the Canadian Tourism Commission to lay the groundwork for business with China, we were pleased to see that negotiations for Approved Destination Status are in the final stages.

Following a comprehensive and disciplined process, the *Tourism Strategic Framework 2005 – 2015* was launched in February 2005. This strategy is the culmination of extensive consultation with nearly five hundred participants in 45 communities, destination marketing organizations, tourism professionals, mayors, councilors and economic development officers. Based on detailed consumer research and industry trend data, the *Tourism Strategic Framework 2005 – 2015* encompasses all aspects of the tourism cycle from industry development to marketing.

Early indications for 2005/06 suggest continued growth for the tourism industry. We are committed to ensuring that demand for our *Super, Natural British Columbia*® destination continues to be strong and the marketing efforts supporting the brand are highly effective.

I would like to offer my personal appreciation to our industry partners, the Board of Directors and our staff for their contribution to the success of British Columbia's tourism industry.



Rod Harris
President and Chief Executive Officer

ORGANIZATION OVERVIEW

Tourism British Columbia became a Crown corporation in April 1997 under the *Tourism British Columbia Act*, and reports to the Minister of Small Business and Economic Development. The corporation is governed by an industry-led board of directors with management, financial and legal authority as ascribed under the *Tourism British Columbia Act*.

Tourism British Columbia Act

Purpose:

- To promote development and growth in this vital sector.
- To increase revenues and employment throughout British Columbia.
- To increase the economic benefits generated by the tourism industry.

Mandate:

- Market British Columbia as a tourism destination.
- Provide information services for tourists.
- Encourage enhancement of standards of tourist accommodation, facilities, services and amenities.
- Enhance professionalism in the tourism industry.
- Encourage and facilitate the creation of jobs in the tourism industry.
- Collect, evaluate and disseminate information on tourism markets, trends, employment, programs and activities, as well as on the availability and suitability of infrastructure and of services that support tourism activities.
- Generate additional funding for tourism programs.

STRATEGIC CONTEXT

Vision: To be a recognized world leader in tourism destination management.

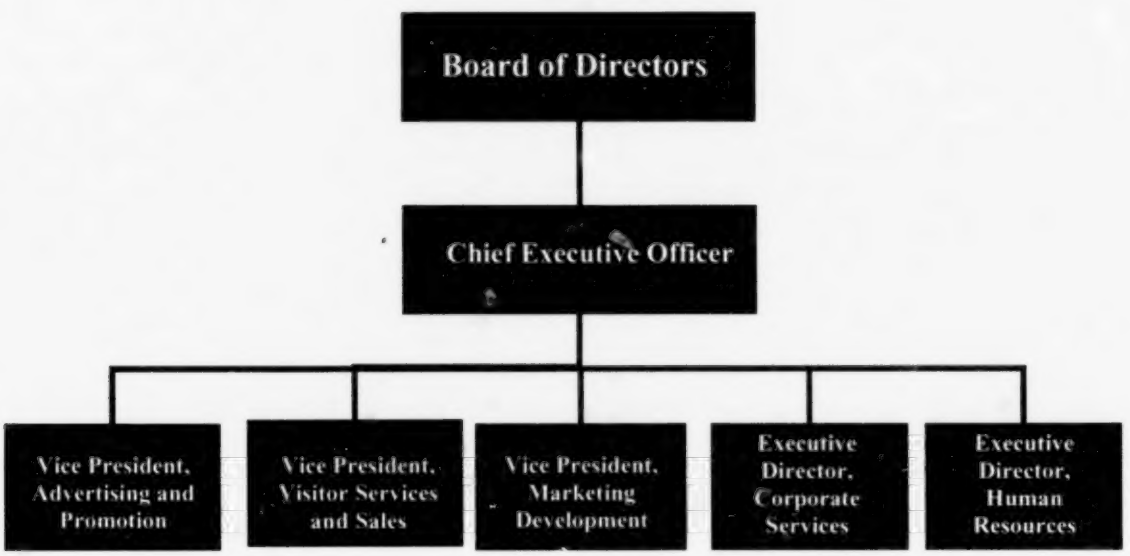
Mission: To ensure quality visitor experiences that grow the success of British Columbia's tourism industry.

Corporate Values:

- Integrity – what we bring as individuals.
- Enthusiasm – what we portray.
- Teamwork – how we work together.
- Progressive – what we strive for.

These values reflect Tourism British Columbia's strong commitment to disciplined management practices and accountability, while ensuring a positive corporate culture. Through the development and implementation of efficient financial, administrative, information and human resource systems, Corporate Services and Human Resources continue to help contribute to the positive performance of the organization. The corporation recently placed second in Watson Wyatt's Survey for the Best Companies to Work for in British Columbia, moving up from 12th place two years earlier. The corporation remains the only public sector organization named in the top 25. With employees confirming their confidence in the organization's leadership and practices, Tourism British Columbia continues to demonstrate qualities of a highly effective organization.

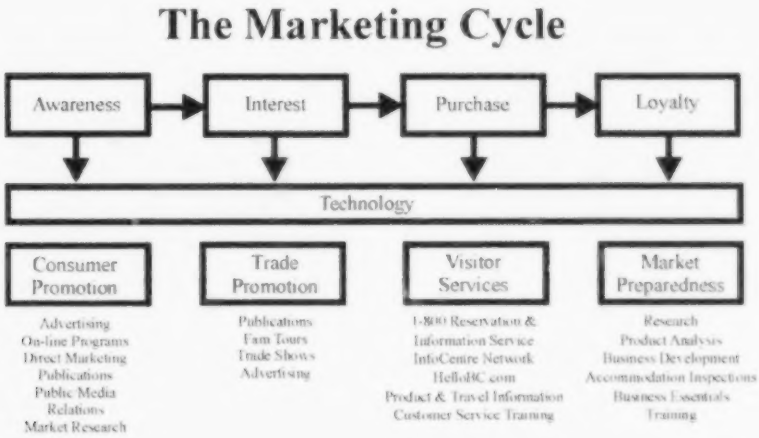
Tourism British Columbia - Organizational Structure[1]:


Board of Directors
Chief Executive Officer
Vice President, Advertising and Promotion
Vice President, Visitor Services and Sales
Vice President, Marketing Development
Executive Director, Corporate Services
Executive Director, Human Resources

[1] This chart does not include supporting staff. For fiscal 2005/06, divisions have been re-named to better identify with the strategic priorities identified in the *2005 - 2015 Tourism Strategic Framework*. Advertising and Promotion becomes Marketing, Visitor Services and Sales becomes Visitor Services, and Marketing Development becomes Industry Development.

PROGRAMS

All stages of the marketing cycle are addressed in achieving corporate goals, as determined by the mandate under the *Act*.



With its private sector and industry partners, the organization embraces a consumer-driven approach to marketing, helping industry bring the right products and services to market – at home and abroad.

Core Business Functions

Tourism British Columbia is structured as a professional marketing organization comprised of the following core business functions:

- The *Advertising and Promotion* Division develops consumer and trade marketing strategies and programs based on consumer needs in key geographic markets to increase demand for British Columbia as a preferred travel destination. All activities are integrated and strategically targeted to help move the consumer through the purchase cycle of awareness, interest, knowledge, purchase, and then ongoing repeat purchase. The primary goal of this division is to increase tourism revenues from two types of markets: "volume" (British Columbia, Alberta, Washington) and "high-yield" (long-haul North America, Asia/Pacific, Europe).

- The *Visitor Services & Sales* Division strategically continues the marketing cycle and has as its primary goals to enhance the visitor experience and to increase length of stay and dollars spent per visitor. The division's programs/activities include:

  - Providing information to travelers via Visitor Info Centres, *HelloBC*®.com, the toll-free *Super, Natural British Columbia*® reservation and information service and worldwide distribution of British Columbia travel guides. In 2004, a new Travel Information Management unit was created within Tourism BC to enhance the flow of content to various distribution sources.

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- *Accommodation Services & Standards* encourages the continual enhancement of tourist accommodations, facilities, services and amenities in British Columbia through inspection and rating systems, with approved properties featured in the *British Columbia Approved Accommodation Guide*.

- *Training Services* builds a professional, well-trained workforce through the world-class *SuperHost*® training programs, ensuring consumer loyalty and repeat business.

- *Research and Economic Analysis* provides research to industry partners for the measurement, evaluation and management of growth in all sectors.

- The *Marketing Development* Division is responsible for assisting new and emerging tourism product businesses, communities and sectors achieve market readiness. Its programs focus on providing useful tools for tourism businesses and communities to help grow their business opportunity. The division is also responsible for corporate and industry communications, developing new revenue-generating opportunities, and the award-winning *British Columbia Magazine*®.

- Corporate Services and Human Resources continue to help contribute to the positive performance of the organization by maintaining disciplined management practices and accountability, while ensuring a positive corporate culture, and through the development and implementation of efficient financial, administrative, information and human resource systems.

Tourism British Columbia delivers many of its services and programs by leveraging its resources through various partnerships, including regional and city destination management organizations (DMOs), Visitor Info Centres and other tourism organizations at the federal and provincial level.

In addition to primary offices in Vancouver and Victoria, Tourism British Columbia maintains representation in key markets including Australia, Germany, Japan, United Kingdom and Taiwan.

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THE YEAR IN REVIEW

Due to the diversity of tourism products and experiences available throughout the province, Tourism British Columbia's Research Department tracks a number of indicators to determine overall industry performance.

Customs Entries

A cornerstone of Tourism British Columbia's research is the tracking of customs entries data, which captures visitation from British Columbia's international markets. The percentage shown indicates the increase or decrease in entries over calendar year 2003. Overall, overnight customs entries from all international markets were up 4.4% from the previous year. With a 0.1% increase for the year, final statistics for calendar 2004 show that overnight entries from the United States were virtually equal to 2003. Asia/Pacific was very strong, increasing by 22.6%, and Europe was up by 11.2%.

Provincial Indicators	1st Qrt	2nd Qrt	3rd Qrt	4th Qrt	Total 2004	Canada Total 2004
US Overnight Customs Entries	**562,670**	**912,721**	**1,495,068**	**588,517**	**3,558,976**	**15,055,702**
% change	(5.5%)	4.0%	(0.5%)	1.4%	0.1%	5.8%
Asia/Pacific Overnight	**146,361**	**244,149**	**296,696**	**161,544**	**848,750**	**1,426,171**
% change	4.8%	70.3%	16.6%	4.4%	22.6%	33.0%
Japan	45,310	66,098	85,580	46,969	243,957	414,057
% change	7.4%	90.1%	46.1%	(1.3%)	33.3%	57.9%
Taiwan	14,951	32,178	30,081	18,268	95,478	106,636
% change	30.3%	312.4%	13.9%	7.1%	52.2%	56.3%
Hong Kong	14,816	20,031	25,686	12,267	72,800	115,449
% change	6.2%	67.4%	(3.2%)	(11.5%)	9.8%	26.0%
Australia & New Zealand	24,067	42,537	49,064	24,760	140,428	215,918
% change	0.9%	21.9%	21.3%	10.4%	15.4%	19.0%
South Korea	21,586	30,272	43,285	21,895	117,038	169,866
% change	7.0%	52.0%	0.8%	9.5%	13.6%	22.6%
China	13,646	18,493	29,093	18,448	79,680	101,883
% change	(0.7%)	72.8%	24.7%	15.6%	25.0%	33.2%
Europe Overnight	**60,868**	**124,024**	**199,525**	**62,745**	**447,162**	**2,133,756**
% change	(2.4%)	10.7%	17.9%	7.7%	11.2%	17.7%
United Kingdom	34,941	62,674	87,728	33,438	218,781	824,758
% change	(4.3%)	9.0%	14.9%	4.4%	8.1%	16.5%
Germany	7,875	22,146	44,406	8,269	82,696	299,802
% change	(6.7%)	6.9%	21.1%	(3.0%)	11.2%	15.2%
Netherlands	3,460	9,476	15,697	4,642	33,275	116,890
% change	(3.2%)	3.8%	10.9%	24.0%	8.7%	12.1%
Switzerland	2,246	4,630	7,832	2,185	16,893	91,156
% change	1.4%	12.5%	4.2%	3.2%	5.8%	10.5%
France	1,884	3,452	6,768	2,256	14,360	331,978
% change	18.4%	31.2%	21.0%	19.4%	22.7%	20.0%
Total Overnight Customs Entries	**782,804**	**1,303,005**	**2,032,040**	**826,464**	**4,944,313**	**19,113,004**
% change	(3.1%)	12.8%	3.4%	2.4%	4.4%	9.0%

Data Source: Stats Canada. Data subject to ongoing revision from suppliers.

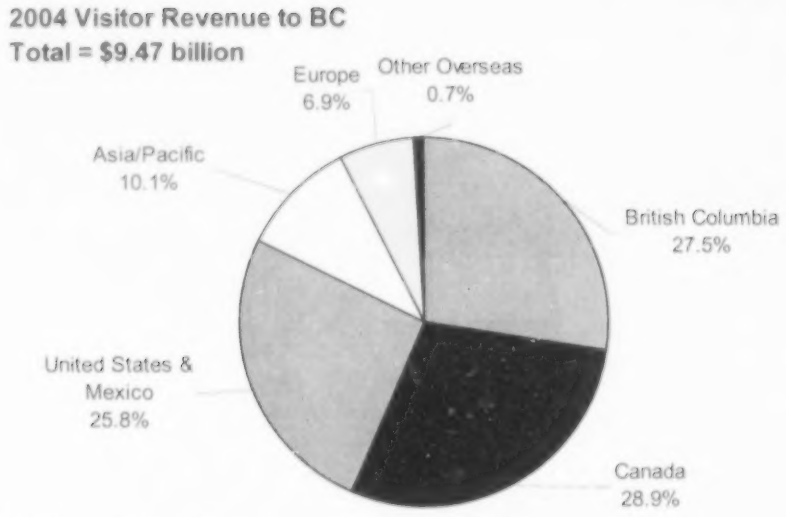
Other Tourism Industry Performance Indicators

Given the wide variety of businesses directly linked to tourism, performance is best measured by cross-referencing a number of indicators that relate to overall tourism activity.

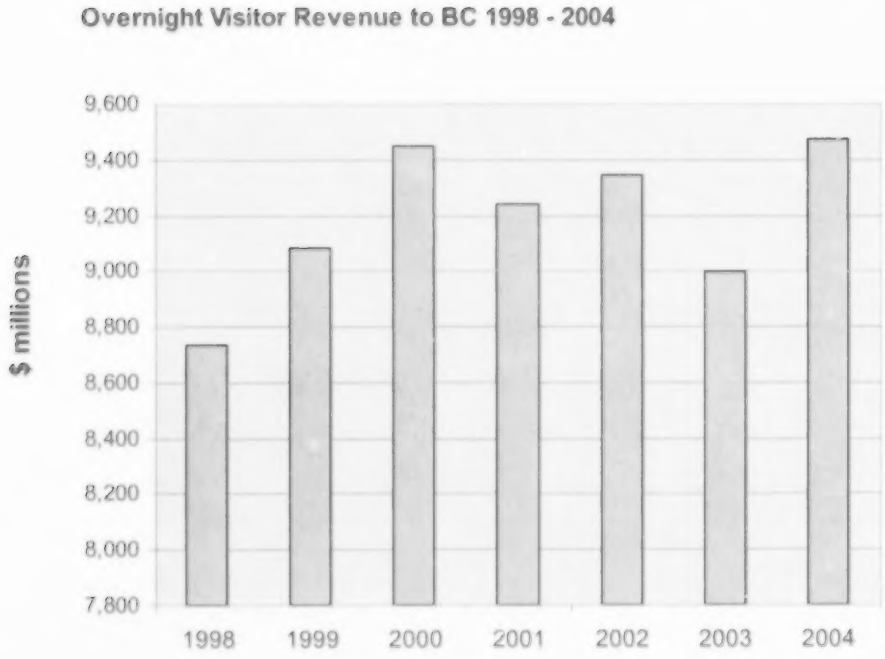
	1st Qrt	2nd Qrt	3rd Qrt	4th Qrt	Total 2004
Accommodation Room Revenue ($'000s)	**$339,375**	**$390,076**	**$577,155**	**$285,101**	**$1,591,707**
% change	1.1%	10.5%	8.6%	7.0%	7.1%
Provincial Occupancy Rate	**54.2%**	**65.2%**	**75.8%**	**51.5%**	**61.9%**
percent point change	4.5	5.7	3.4	2.0	3.4
Provincial Average Daily Room Rate	**$112.92**	**$115.01**	**$130.19**	**$104.53**	**$118.90**
% change	(2.0%)	3.6%	2.9%	2.4%	2.4%
Commercial Restaurant Receipts ('000s)	**$1,306,273**	**$1,463,785**	**$1,558,563**	**$1,493,794**	**$5,822,415**
% change	5.9%	11.6%	5.3%	8.1%	7.7%
Vancouver Int'l Airport - Passenger Volume	**3,461,908**	**3,907,173**	**4,784,453**	**3,572,160**	**15,725,694**
% change	4.7%	19.0%	8.9%	7.1%	9.8%
BC Ferries - Passenger Volume	**4,050,992**	**5,585,844**	**7,559,120**	**4,758,237**	**21,954,193**
% change	0.5%	3.5%	0.3%	8.5%	2.9%
Coquihalla Highway	**$379,206**	**$690,535**	**$1,027,726**	**$474,731**	**2,572,198**
% change	6.0%	1.6%	5.9%	3.4%	4.3%
Fishing Lodges (room revenue)	**$498,949**	**$5,309,570**	**$12,467,600**	**$1,261,097**	**$19,537,216**
% change	(14.3%)	5.3%	7.5%	9.9%	6.3%
Provincial Visitor Info Centres - # parties	**180,580**	**416,686**	**861,989**	**200,057**	**1,659,312**
% change	19.6%	4.2%	4.9%	11.9%	6.9%

Data Sources:
BC Stats, Pannell Kerr Forster Inc, Stats Canada, Vancouver International Airport Authority, BC Ferries, Ministry of Transportation, Tourism BC

Industry Revenue

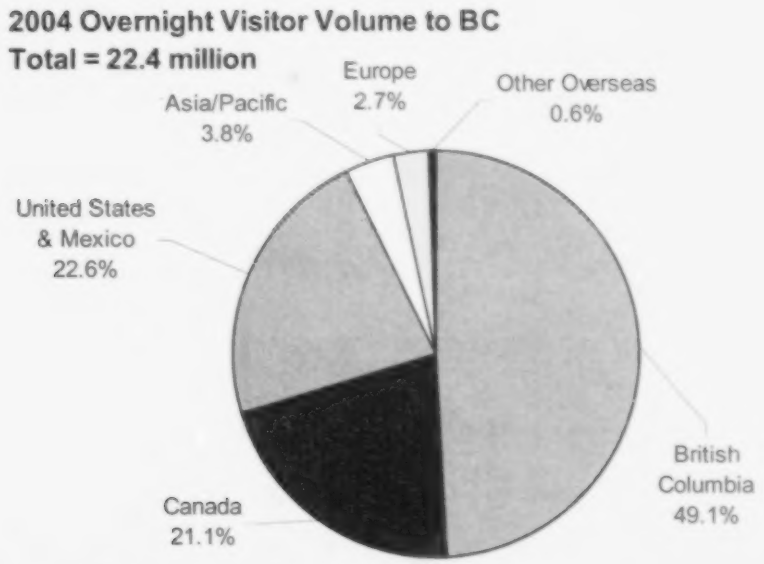


Data Source: Tourism BC



Data Source: Tourism BC

Visitation



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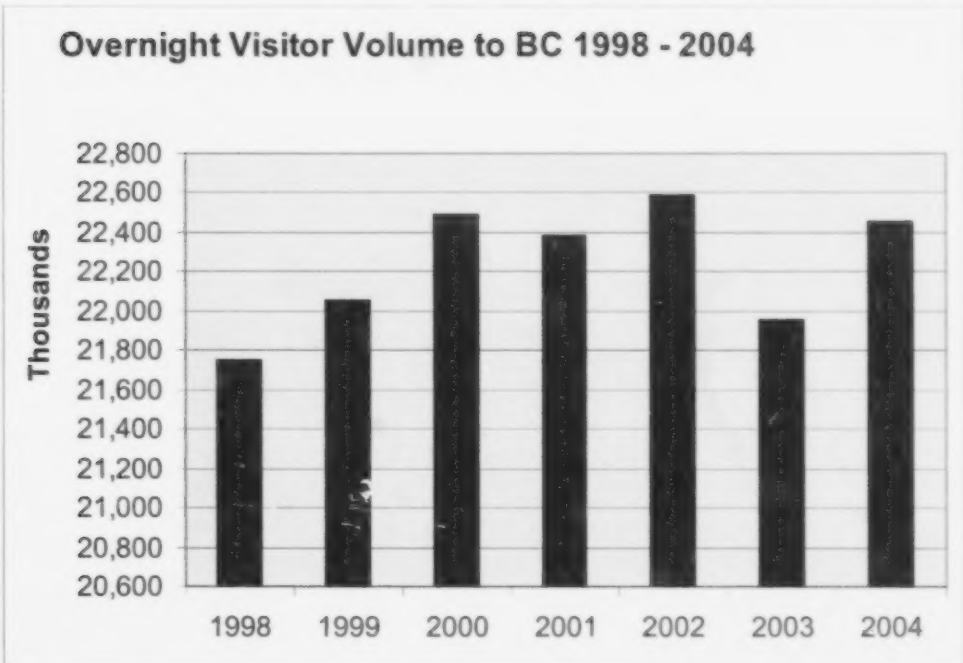
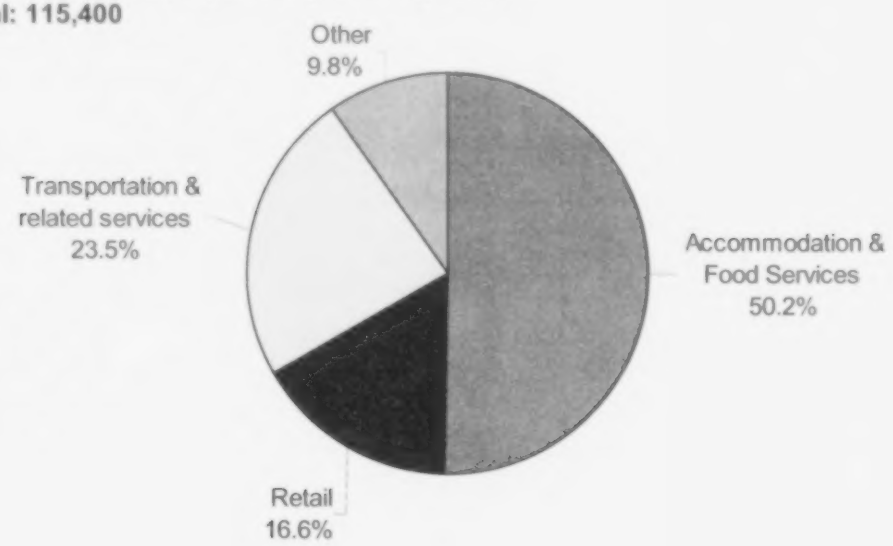


Data Source: Tourism BC

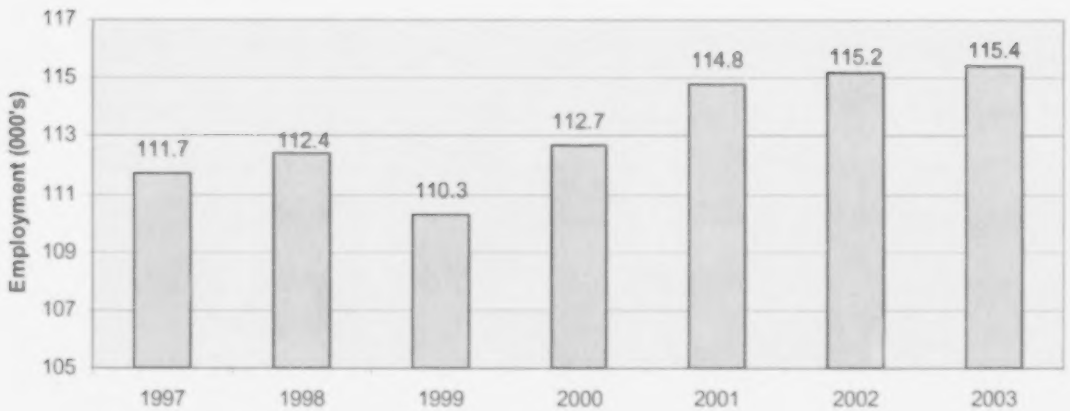
Employment

2003 Tourism Employment by Industry Sector
Total: 115,400



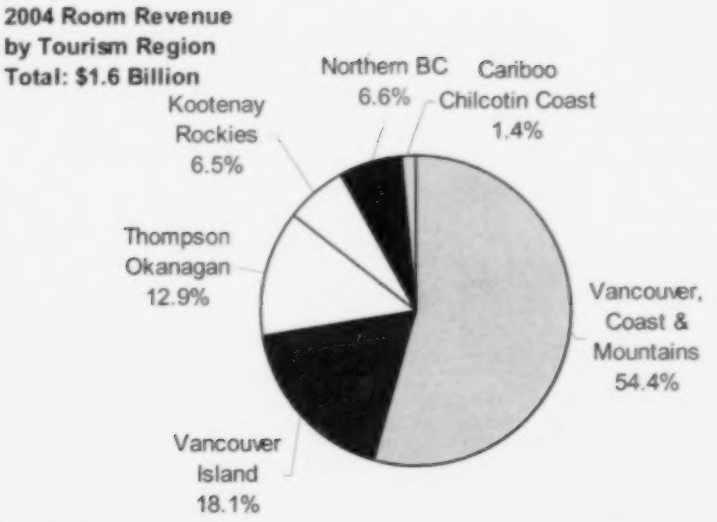
Data Source: Tourism BC

Growth in Tourism Employment 1997- 2003



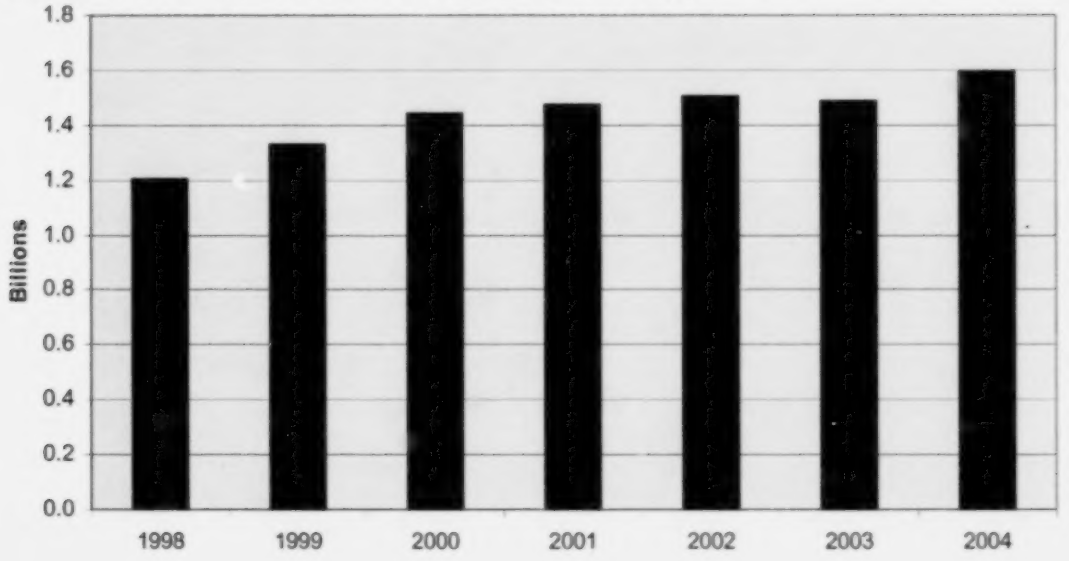
Data Source: Tourism BC

Accommodation Revenue



Data Source: Tourism BC

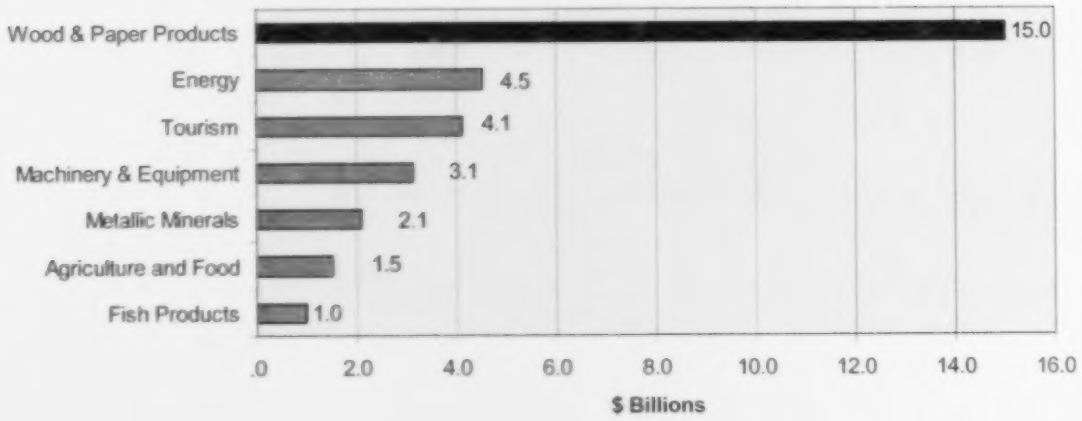
Annual Accommodation Room Revenue 1998-2004 ($)



Data Source: BC Stats

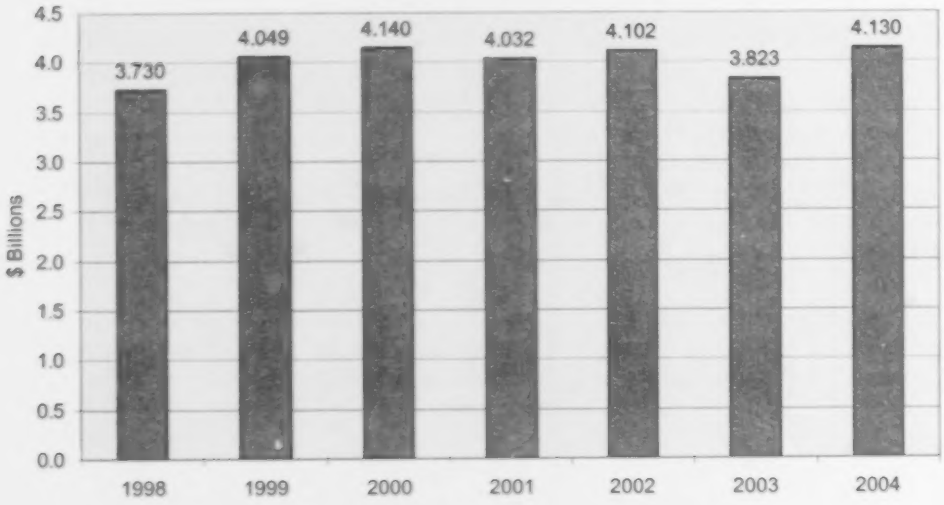
British Columbia Exports

2004 BC Exports (Current $ Billions)



Data Source: Tourism BC, BC Stats

Total Tourism Exports 1998 - 2004 (Current $ Billions)



Data Source: Tourism BC

REPORT ON PERFORMANCE

Corporate Highlights 2004/05

Tourism British Columbia is proud of the many corporate accomplishments in the past fiscal year. Some notable achievements are:

Stakeholder Survey Results

Tourism British Columbia enlists an independent research firm to conduct an annual survey of tourism stakeholders regarding satisfaction with the organization's programs and services. The overall score for 2004 was 3.93 (out of 5.0), virtually equal to the 2003 result of 3.94, demonstrating continued support from industry stakeholders for Tourism British Columbia's overall performance.

BC Escapes®

In 2004, the *BC Escapes*® program generated total tourism revenue of $51.5 million from an investment of $4.1 million, which reflected a nearly 12.5:1 ROI ratio for the program. Now in its eighth year, the highly successful cooperative marketing program has generated over 360,000 inquiries and more than $325 million in tourism revenue since the inaugural campaign in 1998. Tourism British Columbia's partners in the *BC Escapes* program include Tourism Vancouver, Tourism Victoria, Tourism Whistler, Western Economic Diversification and over 150 tourism businesses.

The Spirit of 2010 Trail

In August 2004, Premier Gordon Campbell announced the opening of the Spirit of 2010 Trail network, a collaboration of the Province of British Columbia, the Government of Canada, Tourism British Columbia and a number of regional partners. Four significant rail trails have been converted across the province, including The Kettle Valley Rail Trail, The Slocan Rail Trail, The Cowichan Valley Rail Trail and The Salmo-Troup Rail Trail. This network of trails will lay the foundation for increased tourism visitation throughout rural communities across southern British Columbia. A dedicated website can be found at www.spiritof2010trail.ca.

Marketplace Risks

British Columbia has seen dramatic turnarounds from most Asia/Pacific markets, following the devastating impacts of Severe Acute Respiratory Syndrome (SARS) in 2003. Although it clearly demonstrates that demand for ***Super, Natural British Columbia***® tourism products remains high in this market, it has exposed the general vulnerability of the tourism industry to external events. While US visitation in 2004 improved slightly compared to 2003, the potential impacts of new US security initiatives introduced late in 2004 are unknown. Increased security measures have already negatively impacted overall US visitation since 2001, particularly same-day visitors who are valuable to close-in destinations such as Vancouver. Recent increases in Canadian currency versus US currency have also triggered concerns of a weaker American market.

Approved Destination Status (ADS) with China

In anticipation of Canada finalizing Approved Destination Status from China, Tourism British Columbia has been proactively establishing a strategic foundation to build future opportunities in this massive key market. In fiscal 2004/05, this included co-hosting a trade familiarization tour of operators from Beijing/Shanghai, production of a lure brochure and a tour planner, and participation at the China International Travel Mart (CITM).

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Looking Forward:

The provincial government's announcement in September 2004 of a commitment to double Tourism British Columbia's marketing budget from $25 million to $50 million, coupled with an additional grant of $14 million to support regional tourism in British Columbia, will have a significant impact on the organization's ability to compete with other jurisdictions.

In 2004, Tourism British Columbia completed the *2005-2015 Tourism Strategic Framework.* It was developed by Tourism British Columbia with the input of industry and community stakeholders. Over the next 10 years, Tourism British Columbia will be implementing programs that work towards two long-term outcomes:

1. Double provincial tourism revenues to $19.6 billion by 2015.
2. Maximize the long-term tourism benefits of the 2010 Olympic and Paralympic Winter Games for all of British Columbia.

To accomplish this, Tourism British Columbia has aligned programs along four key strategic priorities:

- Attract more ***volume*** from BC resident and other close-in markets (markets that generate more trips per person)
- Increase business from ***high-yield*** markets (markets that generate more dollars per trip)
- Enhance the visitor ***experience***
- Improve tourism business ***market readiness***

New and expanded programs include:

- ***Community Foundations*** – *development and marketing*
- ***Experiences BC*** – *product sector development and marketing*
- ***Tourism Partners*** – *expanded regional marketing*
- ***Partners Plus*** – *regional marketing program for long-haul North America*
- ***Meetings BC*** – *conventions, incentive and meetings program*
- ***City Stays*** – *city cooperative marketing program*

Performance Against Goals and Objectives[2]

The goals and objectives identified in the 2004/05 Service Plan guided Tourism British Columbia through fiscal year 2004/05. Performance is reported against all measures and targets identified in the 2004/05 Service Plan and no changes were made to the Plan during 2004/05, except where noted below.

As a result of the completion of the corporation's *2005-2015 Tourism Strategic Framework*, significant changes to the corporation's goals, objectives and measures were made for the 2005/06 Service Plan, and will be reflected in next year's Annual Report.

Goal 1: Tourism British Columbia Act, Section 4(1)a: "Market British Columbia as a tourism destination"

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Consumer Advertising	Generate getaway business to British Columbia in spring and summer through the *BC Escapes*® program by offering specially priced packages to high-potential markets.	Tourism revenues generated ($ million)	70.3	51	45	51.5	04/05 target set prior to final 03/04 results being determined.
		Return on investment (tourism revenues per dollar invested)	12.5	11.8	12.5	12.5	Achieved similar results as 2003 on a slightly reduced budget.
Cooperative Marketing	Support regional and sector-focused marketing activities such as advertising, publications, consumer and trade shows, as well as provide cooperative marketing opportunities to businesses through the Tourism Partners Program.	Number of businesses participating in program	1,040	1,050	1,000	1,100	Tracked through participation in Tourism Partners Program.
		Number of regional and sectoral travel guides distributed (thousands)	1,600	920	800	905	Volume as reported by regional tourism associations.
Trade Sales	Increase British Columbia's position with the travel trade through educational programs, cooperative marketing campaigns, familiarization tours and sales calls.	British Columbia's share of Canadian tours in key tour-operator brochures:					Share calculated through tour operator brochure listing analysis.
		North America	41%	39%	40%	50%	Increases attributed to consolidation of other destinations in NA brochures.
		Europe	41%	42%	40%	44%	
		Asia	71%	60%	60%	62%	

[2] All data compiled by Tourism British Columbia unless otherwise noted
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Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Media Relations	Continue to build awareness of British Columbia's tourism product with key media.	Equivalent dollar value of unpaid editorial coverage worldwide ($ millions)	203.6 North America 65 Overseas 138.6	156 North America 66.8 Overseas 89.2	160*	126.5 North America 80 Overseas 46.5	A Japanese television broadcast valued at $50 million was not repeated in fiscal 2004/05.

*2004/05 target updated from $60 million based on 2003/04 actuals (not available when preparing the 2004/05 service plan).

Goal 2: *Tourism British Columbia Act, Section 4 (1) b*: "Providing information services for tourists"

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
BC Travel Information and Reservations	Provide personal contact, information and secure booking with potential visitors through the call centre and HelloBC®.com website.	Reservations ($ millions) Conversion of enquiries to transactions Unique visitors to HelloBC.com® (thousands)	13.5 20% 540	10.4 19% 733	10.0 20% 650	9.8 19% 878	17% decrease in call centre volume mitigated by strong performances of other distribution channels, including the web, resulting in a 6% decrease in reservation revenues. Target set prior to 04/05 results. Search engine optimization initiated in 04/05.
Face to Face Visitor Information	Through Visitor Info Centres, provide visitors in the province with information and tools to purchase BC product.	Number of provincial Visitor Info Centres funded Number of visitors served (millions)	110 3.12	110 3.0	110 3.10	110 3.30	High volume centres such as YVR, Coquihalla, Victoria and Vancouver saw visitor volume increases due to general travel trends and increased marketing efforts.

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Travel Publications	Provide the consumer with publications such as the ***Approved Accommodation Guide, Vacation Planner*** and ***Outdoor Adventure Guide*** which have information to plan and book vacations.	Number of travel publications distributed (millions)	1.79	1.58	0.9	1.58	A partnered fishing publication mail-out that was not anticipated generated numbers to match 2003/04 results.

Goal 3: Tourism British Columbia Act, Section 4(1) c: **"Encouraging the enhancement of standards of tourist accommodation, facilities, services and amenities"**

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Accommoda-tion Quality Standards	Deliver accommodation inspection programs to more than 3,000 properties to ensure acceptable standards are maintained.	Number of accommodation properties inspected	504	1,270	1,200	2,019	Larger than expected demand for rating programs (Canada Select). In addition, extra efforts were made to ensure that all properties are on a two-year inspection cycle, which resulted in a greater number of inspections being completed than anticipated.

Goal 4: ***Tourism British Columbia Act, Section 4(1)d*****: "Enhancing professionalism in the tourism industry"**

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Tourism Industry Training	Work with sponsoring organizations to increase participation in ail of the **SuperHost®** product family.	Number of participants Trained (thousands) Gross Revenue ($ thousands)	17 277	21 317	20 280	19.6 293	Participation numbers remain stable. Revenue is up due to more consulting services requested.

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Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Human Resource Development	Support the *go2* tourism human resources agency in recruitment and retention programs for the tourism industry.	Establish HR web portal and online resource centre	--	--	June 1, 2004	Completed	Plan completed and presentations in high schools conducted.
		Develop and implement multi-year career awareness program	--	--	Sept. 1, 2004	Completed	

Goal 5: *Tourism British Columbia Act, Section 4(1 f:* "Collecting, evaluating, and disseminating information on tourism markets, trends, employment, programs and activities and on availability and suitability of infrastructure and or services that support tourism activities"

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Research Publications	Produce and distribute a portfolio of research information in print and on the corporate website for the tourism industry, including an annual *Tourism Outlook*, the *Value of Tourism*, as well as market/regional and sector profiles.	Number of users of research (website visits per month)	N/A	1,600	1,800	1,807	Consistent data only available as of January 2004. 2004/05 target was set based on page views. Unique visitors increased from an average of 890/month during Q4 2003/04 to 1,140/month during Q4 2004/05.
Stakeholder Survey	Conduct survey of Tourism British Columbia stakeholders to evaluate effectiveness of programs.	Corporate Stakeholder survey (out of 5.0 with 3.0+ indicating satisfaction)	3.86	3.94	3.50	3.93	Continued strong performance demonstrating ongoing satisfaction by industry stakeholders.

Goal 6: *Tourism British Columbia Act, Section 4(1)e*: "Encouraging and facilitating the creation of jobs in the tourism industry," *and 'g':* "Generate additional funding for tourism programs"

Program/ Activity	Objectives/ Strategies	Measures	Performance				
			2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
British Columbia Magazine	Continue to revitalize ***British Columbia Magazine*** as a key British Columbia tourism marketing tool.	Circulation Gross sales ($ millions)	133,618 $2.6	130,000 $2.85	133,000 $2.77	118,000 $2.39	Circulation in transition to younger audience. Corresponding reduction in costs permits annual surplus.
Marketing Funds	Enhance marketing funds by partnering with the CTC, DMOs and other tourism businesses to increase market exposure.	Industry marketing funds leveraged ($ millions)	N/A	N/A	$32	$27.7	New CTC partnership model does not provide direct leverage to Tourism BC investment.

Corporate Effectiveness

Program/ Activity	Objectives/ Strategies	Measures	Benchmarks		Performance				
			National Tourism Org. (2003)	City Tourism Org.	2002/03 Results	2003/04 Results	2004/05 Target	2004/05 Results	Comments
Administration Costs	To keep administration costs (Corporate Services, HR, IT and Governance) below those of comparable organizations.	Cost of administration per employee Office space cost per employee	$66,500 $20,195	-- --	N/A N/A	$28,601 $9,972	$30,000 $9,800	$29,351 $9,730	Costs well under national tourism organization and comparably sized ministries.
Human Resources	Continue to instill a values-based and productive corporate culture.	Employee absence rate (days/year) Employee turnover rate	4.3 10%	8.3% 5.5%	3.0 4.7%	4.9 2.74%	<5.0 <5.0%	5.0 5.4%	Adjusted to 3 days if long term medical leaves removed. Three employees resigned post maternity leave/ medical leave.

ALIGNMENT TO GOVERNMENT'S STRATEGIC PLAN

The Tourism British Columbia Board of Directors and staff, in partnership with the British Columbia tourism industry, develop and deliver programs and activities that support government's commitment to "market and promote British Columbia's competitive advantages and opportunities as an investment location, tourism destination and trading partner," which was identified within the government's strategic plan.

This dedication is reflected in government's commitment in September 2004 to double Tourism BC's marketing budget from $25 million to $50 million beginning in 2005/06 and a more recent additional grant of $14 million to support regional tourism marketing in BC. These new resources will have a significant impact on British Columbia's ability to compete with other jurisdictions.

With the announcement that Canada and China will negotiate terms relating to Approved Destination Status (ADS), Tourism BC will continue to grow investment in building a stronger presence in this market. Tourism British Columbia will also ensure tourism initiatives are in alignment with the priorities and goals identified by the new Asia Pacific Trade Council announced by Premier Campbell on March 30, 2005.

Recognizing the provincial government's role in developing policies that support a competitive business climate, Tourism British Columbia undertakes activities that support broader objectives of various provincial agencies while remaining true to its legislated mandate. These agencies include, but are not exclusive to:

- Ministry of Small Business and Economic Development
- BC Resort Task Force
- BC Olympic Secretariat
- Ministry of Water, Land and Air Protection
- Ministry of Agriculture, Food and Fisheries
- Ministry of Community, Aboriginal and Women's Services
- Ministry of Education
- Ministry of Transportation

FINANCIAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations last five years, and comparison to 2004/05 plan:

$000s	00/01	01/02	02/03	03/04	04/05	04/05 plan
Hotel room tax	24,025	23,720	24,511	24,200	26,015	24,706
Program and other income	5,344	11,345	8,151	8,012	7,298	7,932
Government grants	-	-	2,000	750	12,025	0
Total Revenue	**29,369**	**35,065**	**34,662**	**32,962**	**45,338**	**32,638**
Advertising and promotion	12,022	12,540	14,317	17,413	13,810	14,507
Visitor servicing and sales	10,725	11,252	11,710	12,587	11,070	11,100
Marketing development	2,762	5,158	5,075	3,868	3,613	3,700
Support services	2,834	2,571	2,879	2,395	2,529	2,306
Amortization	657	783	490	312	1,289	1,025
Grants to regional marketing orgs					12,000	-
Write-down of intangible asset	-	4,000	-	-	1,008	-
Total Expenses	**29,000**	**36,304**	**34,471**	**36,575**	**45,319**	**32,638**
Net revenue (expenses)	**369**	**(1,239)**	**191**	**(3,613)**	**19**	**-**
Closing net equity	7,130	7,499	7,618	4,005	7,284	4,208
Equity invested in capital assets	1,361	1,012	748	2,897	6,379	n/a
Full-time equivalents	91	108	105	108	111	108

Assessment of results of operations and changes in financial conditions

Revenue

Due to an improved economic climate for tourism activity following a year that included SARS, the war in Iraq, mad cow disease and interior region forest fires, hotel tax revenue was $26.0 million, up 7.5% over the previous year, and 5.3% over budget. On a much smaller scale, program and other revenue was down 9% from 2003/04, and 8% from plan. The decrease was due to softer demand for reservation services (commissions down 9%), publication advertising revenue (down 8.4%) and training services (down 6.4%).

The corporation received a $12.0 million grant from the Ministry of Small Business and Economic Development in March 2005. At the province's request, this money was equally divided and granted to each of the six tourism destination regional organizations on March 31, 2005.

Expenses

Advertising and promotion spending was 4.9% under plan and 20.7% less than the previous year. The previous year's amount included over $2.4 million in funds carried forward from 2002/03. Excluding these amounts, 2004/05 expenses were within 8% of 2003/04. Coming in under plan was a result of reallocated resources to other program areas and timing differences from the BC Escapes® program.

Visitor servicing and sales spending was on budget and 12.1% less than 2003/04. As per advertising and promotion expenses, the visitor servicing and sales 2003/04 expenses included some carry forwards from 2002/03.

Marketing development spending was 2.4% under budget, and 6.6% less than 2003/04. Lower production costs for *British Columbia Magazine*®, which offset softer subscription sales, was the primary reason for the decline in expenses.

Support services, which include Corporate Services, Human Resource Development, CEO's office and board expenses were higher than 2003/04 and plan by 5.6% and 9.7%, respectively. These increases were mostly attributable to inflationary pressures in operating costs. The cost of support services was 8.1% of total program costs, excluding non-cash items and grants to regional marketing organizations funded by the Ministry of Small Business and Economic Development.

As anticipated, amortization costs were higher due to planned capital investment in marketing technology. The corporation spent $2.5 million on development costs of a new destination marketing system to provide online information on attractions, activities, events and accommodation, as well as real-time bookings. A further $553 thousand was spent on improvements to The Spirit of 2010 Trail.

The writedown of the intangible asset represents management's revised estimate of the fair market value of the *British Columbia Magazine* subscriber list purchased in June 2001. The value of the intangible asset was reduced from $1.6 million to $570 thousand at March 31, 2005. The magazine has added thousands of new subscribers since 2001, but these additions cannot increase the value of the intangible asset as it would be contrary to generally accepted accounting practices (GAAP).

Risks, Uncertainties and Future Outlook

On September 24, 2004, Premier Campbell announced that the provincial government was "going to double Tourism BC's marketing budget from $25 to $50 million." Effective for fiscal 2005/06, Tourism British Columbia's annual funding, comprised of its 1.65 points of the hotel tax and a grant from the Ministry of Small Business and Economic Development (ministry), will be $50 million. These new resources will have an immediate impact on British Columbia's ability to compete with other jurisdictions.

In previous years, the corporation was subject to the risk of Hotel Room Tax revenues being less than forecast. This risk is eliminated with the grant from the ministry, which will fix Tourism British Columbia's funding at $50 million. The corporation faces a risk, although small, that these new funds will not be approved in the new government's 2005/06 budget, expected to be passed in the fall of 2005.

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Tourism British Columbia's Financial Forecast (*as shown in the 2005/06 Service Plan*)

$000s	2005/06	2006/07	2007/08
Revenue			
Provincial Government			
Hotel room tax (note 1)	$ 26,300	$ 27,500	$ 28,700
Government grant (note 2)	23,700	22,500	21,300
	50,000	**50,000**	**50,000**
Corporate			
Program and other	**8,550**	**9,105**	**9,270**
	58,550	**59,105**	**59,270**
Expenses			
Advertising and promotion	31,110	32,795	32,660
Visitor servicing and sales	14,880	14,855	15,000
Marketing development	5,050	5,455	5,550
Amortization, marketing programs	4,255	3,500	3,500
General and administration	2,465	2,500	2,560
Writedown of intangible asset (note 3)	790	-	-
	58,550	**59,105**	**59,270**
Net operating revenue	**-**	**-**	**-**
Investment in marketing capital	(4,550)	(2,350)	(1,350)
Add non-cash items (e.g. amortization, writedown)	4,500	2,955	2,955
Cash from operations	**(50)**	**605**	**1,605**
Cash forecast, end of year	**$ 1,002**	**$ 1,607**	**$ 3,212**

Key Assumptions and Risks

Note 1 Tourism British Columbia receives 1.65 points of the provincial Hotel Room Tax through the Ministry of Provincial Revenue. Hotel Room Tax forecasts are supplied by the Ministry of Finance, and are based on provincial nominal GDP forecasted growth.

Note 2 Treasury Board has made a decision on Tourism BC's funding, whereby the difference between the Ministry of Finance's forecast for Tourism BC's 1.65 share of the 8% hotel tax and a $50 million total budget will be provided through an annual operating grant from a voted appropriation from the Ministry of Small Business and Economic Development. Any variance in actual versus forecast in a given year will be credited or debited in the following year.

Note 3 The intangible asset represents the value of *British Columbia Magazine*'s® subscription list when purchased by Tourism British Columbia. It will be fully written off at end of 2005/06.

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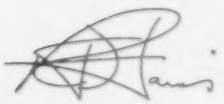
Management's Report

The financial statements of Tourism British Columbia for the year ended March 31, 2005 have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements present fairly the consolidated financial position of Tourism British Columbia as at March 31, 2005, and the consolidated results of operations and changes in cash flows for the year then ended.

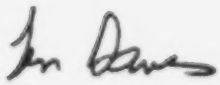
Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Board of Directors carries out its responsibility for the review of the financial statements. The Board meets with management and the external auditor to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Board, with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements of Tourism British Columbia. The Auditor's report outlines the scope of his examination and expresses an opinion on the statements of Tourism British Columbia.



Rod Harris
President and Chief Executive Officer
Tourism British Columbia



Len Dawes, CA
Chief Financial Officer
Tourism British Columbia

May 24, 2005

Report of the Auditor General of British Columbia

To the Members of the Board of Directors of Tourism British Columbia, and

To the Minister of Small Business and Economic Development, Province of British Columbia

I have audited the statement of consolidated financial position of *Tourism British Columbia* as at March 31, 2005 and the statements of consolidated operations and net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of *Tourism British Columbia* as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
May 24, 2005

Wayne Strelioff, FCA
Auditor General

TOURISM BRITISH COLUMBIA
Statement of Consolidated Financial Position

(in $000s) March 31,	2005	2004
Assets		
Current assets		
Cash (Note 15)	**5,029**	3,107
Receivables		
Province of British Columbia	**2,381**	3,087
Other	**2,937**	1,872
Loan receivable (Note 5)	**110**	110
Inventories	**139**	137
Prepaid	**1,487**	418
	12,083	8,731
Intangible asset (Note 7)	**570**	1,578
Property, plant and equipment (Note 6)	**6,379**	2,897
	19,032	13,206
Liabilities and equity		
Current liabilities		
Payables and accruals		
Province of British Columbia	**289**	190
Other	**6,657**	6,297
Deferred revenue	**2,666**	2,185
Deferred contributions (Note 11)	**1,178**	-
	10,790	8,672
Long term liabilities (Note 8)	**958**	529
	11,748	9,201
Equity		
Net assets	**4,024**	4,005
Contributed surplus (Note 14)	**2,000**	-
Contributed land (Note 10)	**1,260**	-
	7,284	4,005
	19,032	13,206

Commitments (Note 9)

Approved on behalf of the Board:

Board Chair

Director

The accompanying notes are an integral part of these financial statements

TOURISM BRITISH COLUMBIA
Statement of Consolidated Operations and Net Assets

(in $000s) Year ended March 31,	2005	2004
Revenues		
Hotel room tax	**26,015**	24,200
Province of British Columbia grants (Note 13)	**12,025**	750
Program revenue (Note 3)	**7,188**	7,806
Investment and miscellaneous income	**110**	206
	45,338	32,962
Expenses		
Advertising and promotion	**13,810**	17,413
Visitor servicing and sales	**11,070**	12,587
Marketing development	**3,613**	3,868
Support services	**2,529**	2,395
Amortization	**1,289**	312
Grants to regional marketing organizations (Note 13)	**12,000**	-
Write down of intangible asset (Note 7)	**1,008**	-
	45,319	36,575
Net revenue (loss)	**19**	(3,613)
Net assets, beginning of year	**4,005**	7,618
Net assets, end of year	**4,024**	4,005

The accompanying notes are an integral part of these financial statements.

TOURISM BRITISH COLUMBIA
Statement of Consolidated Cash Flows

(in $000s) Year ended March 31,	2005	2004
Operating activities		
Net revenue (loss)	19	(3,613)
Change in working capital		
Receivables	(359)	(1,764)
Inventories	(2)	(28)
Prepaid expenses	(1,069)	(4)
Accounts payable and accruals	460	(810)
Deferred revenue	480	242
Deferred contribution	1,178	-
	688	(2,364)
Items not involving cash		
Amortization	1,289	312
Writedown of intangible asset	1,008	-
Cash flows from (used in) operating activities	3,004	(5,665)
Investing activities		
Additions to capital assets, net	(3,511)	(2,460)
Cash flows used in investing activities	(3,511)	(2,460)
Financing activities		
Deferred capital contributions	2,000	-
Long term liabilities	429	159
Cash flows from financing activities	2,429	159
Net increase (decrease) in cash	1,922	(7,966)
Cash beginning of year	3,107	11,073
Cash end of year	5,029	3,107

The accompanying notes are an integral part of these financial statements.

TOURISM BRITISH COLUMBIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2005
(tabular amounts in $000s)

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1. Authority and purpose

Tourism British Columbia (the Corporation) is a provincial Crown corporation established by the *Tourism British Columbia Act* on June 27, 1997. The purpose of the Corporation is to promote development and growth in the tourism industry, to increase revenue and employment in the industry throughout British Columbia and to increase the economic benefits generated by the industry.

Under the *Tourism British Columbia Act*, Tourism British Columbia is entitled to the net revenue collected under section 3.1 of the *Hotel Room Tax Act*.

The Corporation is exempt from federal and provincial income taxes and from the federal goods and services tax.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Basis of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary 595195 BC Ltd. (British Columbia Magazine). All significant inter-company transactions and balances have been eliminated.

(b) Revenue recognition

Hotel room tax revenue is recognized in the period that consumers are charged the tax on their accommodation by the provincial government.

Program revenues are recognized in the period services are rendered.

Subscription revenues in the *British Columbia Magazine* operations are deferred and recognized as the magazine is published.

Contributed capital is amortized to revenue over the expected life of the assets.

(c) Intangible assets

Intangible assets are reviewed each year to determine if there is any impairment in value. A write down to fair value is recorded if there has been any impairment.

(d) Inventories

Inventories held for resale are valued at the lower of cost and net realizable value. Supplies inventories are valued at cost.

(e) Related parties

Tourism British Columbia is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives. Effective April 1, 2004, amortization rates were adjusted on specific asset classes to reflect management's estimate of their useful lives. These changes did not have a material impact on these financial statements. Estimated useful lives are as follows (previous year in brackets):

Buildings	40 years	
Computer equipment	3 years	
Computer software	Expensed	(2 years)
Destination management system	3 years	(5 years)
Furniture and equipment	5 years	
Vehicles	5 years	
Leasehold improvements	Term of lease	
Trail improvements	10 years	
Trademarks	10 years	(20 years)

Assets costing less than $500 are expensed in the year of purchase.

(g) Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date. Any foreign currency denominated monetary assets and liabilities are stated using the prevailing rate of exchange at the balance sheet date.

(h) Construction-in-progress

Assets under construction are recorded at cost and include direct costs during development and construction. At the point in time when these facilities are completed, these costs will be amortized over the useful life of the related assets.

3. Program revenue

	2005	2004
BC Magazine	2,386	2,654
Listings and display ads	1,682	1,787
Commission fees	2,289	2,494
Training Services	296	317
Merchandise sales and royalties	242	234
Quality assurance program	187	170
Miscellaneous	106	150
	7,188	7,806

4. Financial instruments

The Corporation's financial instruments consist of cash held in its various bank accounts, accounts and loan receivable, accounts payable and long term liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risk arising from these financial instruments.

5. Loan receivable

Tourism British Columbia has extended two loans totaling $110,000 to Adventure Management Ltd., the contracted service provider that operates the Coquihalla and Mt. Robson Visitor Information Centres on behalf of Tourism British Columbia. The purpose of these loans is to support the implementation of a royalty model for merchandise sales at the Visitor Information Centres by providing financing for the purchase of inventory for resale. Interest on these loans is currently calculated at 5% per annum, payable monthly, with the principal due upon termination of the contract.

6. Property, plant and equipment

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Contributed land (Note 10)	1,260	-	1,260	-
	1,260	-	**1,260**	-
Assets under construction				
Buildings - Peace Arch	132	-	132	-
Trail improvements	553	-	553	-
	685	-	**685**	-
Destination management system	5,303	1,642	3,661	2,080
Computer equipment	1,418	1,355	63	29
Computer software	-	-	-	2
Furniture and equipment	616	482	134	167
Leasehold improvements	519	320	199	247
Trademarks	486	128	358	367
Vehicle	41	22	19	5
	8,383	**3,949**	**4,434**	**2,897**
	10,328	**3,949**	**6,379**	**2,897**

7. Intangible asset

This intangible asset is the subscriber list of British Columbia Magazine (formerly Beautiful BC Magazine). The estimated fair value of the subscriber list is $570,461 (2003/04: $1,578,099) and is based on the estimated percentage of subscribers at March 31, 2005, existing since acquisition date.

8. Long term liabilities

	2005	2004
Employee leave liability	**384**	399
Less: Current portion	**(74)**	(70)
	310	329
Amount heldback for the Destination management system	**428**	-
Employee future post-retirement benefits	**220**	200
	958	**529**

9. Commitments

The future remaining commitments for office space leases are:

2005/6	1,086
2006/7	1,149
2007/8	1,173
2008/9	903
2009/10 and beyond	4,619
	8,930

10. Contributed land

In May 2004, Trans Canada Trail Foundation donated land parcels of former rail trails to Tourism British Columbia with an estimated fair market value (FMV) of $14,260,842 (land $6,903,682; improvements $7,357,160). The estimated FMV was based on a property evaluation that was performed in 1997 for the Trans Canada Trail Foundation. This land has been recorded at $1,259,800 on the balance sheet based on the current year property assessment. Management believes this more accurately reflects the value of the donated land.

11. Trail improvements

On May 15, 2004, Tourism British Columbia signed a contribution agreement with the Community Futures Development Corporation (CFDC) under the Softwood Industry Community Economic Adjustment Initiative (SICEAI), a federal government program aimed at "offering sustainable and tangible economic benefits" to communities impacted by the softwood lumber dispute with the United States. Under the terms of the agreement, CFDC will match funding towards "Rails to Trails infrastructure improvements" up to a maximum of $2.1 million. The trails eligible under the agreement include both Tourism British Columbia and other crown land. Tourism British Columbia has recorded its contribution of $552,800 as trail improvements, and unspent contributions from regional districts of $1,178,086 as a deferred contribution, pending completion of the trail improvements.

12. Employee benefit plans

Employee future pension benefits
The Corporation and its employees contribute to the Public Service Pension Plan in accordance with *the Public Sector Pension Plans Act*. The Plan is a multi-employer, defined benefit plan. On behalf of the employers, the British Columbia Pension Corporation administers the Plan, including payment of pension benefits to employees to whom the Act applies.

The most recent actuarial valuation (March 31, 2002) has determined that the plan is in a surplus position. Effective January 1, 2001, the Public Service Pension Plan's management changed to a joint trusteeship where the management, risks and benefits are shared between employees and employers. Previously these matters were the sole responsibility of the Province of British Columbia.

Employee future post-retirement benefits
Obligations for employee retirement allowances are detailed in the Corporation's collective agreement. The Corporation has accrued the estimated costs of these benefits, and has adopted the policy on a prospective basis with no retroactive restatement of prior year amounts. The total amount accrued in long term liabilities for the 2004/5 fiscal year was $219,768 (2003/4 - $200,401).

Employee pension - UK
Tourism British Columbia implemented a defined contribution pension plan for staff working in the United Kingdom in fiscal 2004. Staff contribute 5% of their base salary with a matching amount contributed by Tourism British Columbia. The pension plan is administered by Thomson's Wealth Management, a contracted pension administrator located in the UK.

13. Government grant

Included in government grants is an amount of $12,000,000 received from the Ministry of Small Business and Economic Development. At the Ministry's request, Tourism British Columbia granted $2,000,000 to each of the six tourism destination regional organizations on March 31, 2005.

14. Contributed surplus related to capital assets

On March 30, 2005, Tourism British Columbia received $2,000,000 from the Province to build a new Visitor Information Centre in Osoyoos. This contribution has been recorded as contributed surplus and will be recognized as revenue over the life of the building.

15. Cash

Cash otherwise reserved represents funds received for trail improvements and construction of a visitor information centre in Osoyoos.

	2005	2004
Unrestricted cash	1,851	3,107
Cash for restricted purposes	3,178	-
Total cash	5,029	3,107

16. Comparative amounts

Certain comparative figures in the financial statements have been restated to conform with the current year presentation.

CORPORATE GOVERNANCE

Tourism British Columbia became a Crown corporation when the *Tourism British Columbia Act* was passed by the British Columbia legislature in June 1997. The *Act* was retroactive to April 1, 1997 and established the basis of corporate governance. As of January 2004, the Minister of Small Business and Economic Development is responsible for Tourism British Columbia.

The Tourism British Columbia Board of Directors functions as a policy board, with responsibility for achieving results delegated to the CEO. The board provides leadership and direction to the organization through clearly articulated polices and corporate goals. The board provides final approval for matters concerning planning, budget, financial reporting and policy, human resource policy and performance measures. They are also involved in approving within the Business Plan material capital purchases and leases. The full board met quarterly and there were six Advisory Committees that also met once a quarter. The committees, purpose and their members, are as follows:

Committee	Purpose	Membership
Executive and audit	Assists the board in areas of external audit, policy matters and special issues not normally dealt with by other standing committees.	Board Chair, Vice Chair and chairs of each of the other advisory committees
Advertising and promotion	Reports to the board on marketing activities, opportunities and challenges.	Kelley Glazer, Chair; Charles McDiarmid, Sue Morhun
Visitor servicing and sales	Reports to the board on visitor servicing and sales activities, opportunities and challenges.	Stuart McLaughlin, Chair; Peter Armstrong; April Moi
Marketing development	Reports to the board on marketing development activities, opportunities and challenges.	Stephen Smith, Chair; Terry Farmer; Don Monsour
Corporate services and Human resources	Reports to the board on financial, administrative and human resource issues.	Allen Tozer, Chair; John Korenic, Nick Worhaug
Olympics (Interim Committee)	Reports to the board on matters pertaining to Tourism British Columbia's involvement in the plan for the 2010 Olympic and Paralympic Winter Games.	Frank Bourree, Chair; Mike Duggan, Beth Campbell

The CEO and staff are responsible for all day-to-day operations including the development and implementation of the annual Business Plan, the determination of an annual operating budget and the assignment of staff.

2004/05 BOARD OF DIRECTORS

Michael Duggan, *Chair*
Michael Duggan was appointed to the Board in 1999 and became Chair in April 2001. He is currently President of Boutique Hotels of BC, as well as the General Manager of the Nita Lake Lodge in Whistler. He was previously the General Manager of the Pan Pacific Whistler, from December 2000 to December 2003. His other industry experience includes positions at Sun Peaks Resort and 19 years at Silver Star Mountain Resort.

Beth Campbell, *Vice-Chair*
Beth Campbell was appointed to the Board in April 2000 and was elected Vice-Chair in April 2002. She is the owner of Best Western Inn at Penticton and a Governor for Best Western International. She is a former Mayor of the City of Penticton and is a past president of the Penticton Hotel Association and the Penticton Chamber of Commerce.

Peter Armstrong
Peter Armstrong was appointed to the Board in 1999. He is President and CEO of the Great Canadian Railtour Company Limited, previously a Chair of Tourism Vancouver and a Board Member of the World Tourism & Travel Council, Canadian Tourism Commission, Versacold and Pacific Insight Electronics Corporation. Mr. Armstrong's term expired March 31, 2005. He was replaced by Harley Elias.

Frank Bourree
Frank Bourree was appointed to the Board in April 2001 and is the Business Consulting Partner for Grant Thornton LLP's Business Consulting Services division in Victoria. He has more than 25 years of personal and professional experience in the tourism and hospitality industry and is widely recognized as an expert advisor to the accommodation and food and beverage sectors.

Terry Farmer
Terry Farmer was appointed to the Board in April 2004. He is the Founder and President/CEO of Accent Inns Inc., and currently serves on Tourism Vancouver's Board of Directors. In 1998, he was awarded the Entrepreneur of the Year Award for Tourism and Hospitality (Pacific Region).

Kelley Glazer
Kelley Glazer was appointed to the Board in April 2001. Director of Sales and Marketing for the Ramada Hotel Downtown in Prince George, she has served as President of the Northern British Columbia Tourism Association and as a Director of the Council of Tourism Associations of British Columbia. Currently, she is a Director for the Northwest Corridor Development Corporation.

John Korenic
John Korenic was appointed to the Board in March 2002. He is the Aviation Marketing Director for the Vancouver International Airport Authority. He was formerly a Director of Pacific and Europe Alliances for Canadian Airlines International Ltd. and worked with Wardair Canada Inc.

Charles McDiarmid
Charles McDiarmid was appointed to the Board in March 2002. He is the Managing Director of the Wickaninnish Inn & Point Restaurant in Pacific Rim National Park. He also served as Tourism Vancouver's Sales Director after working for the Four Seasons Hotel Group in management positions in Calgary, Newport, Seattle and Washington, D.C.

Stuart McLaughlin
Stuart McLaughlin was appointed to the Board in March 2002. He is the President of Grouse Mountain Resorts and Director for the Mountain Experience for the Kicking Horse Mountain Resort. He is currently serving on the Board and Executive of Tourism Vancouver as Deputy Chair.

April Moi
April Moi was appointed to the Board in 2000. She is the Executive Director of the Northern Rockies Alaska Highway Tourism Association in Fort St. John, which is responsible for coordinating and promoting visitor activity within northeastern British Columbia. A past Visitor Info Centre Manager, she is also experienced in festival and event coordination.

Don Monsour
Don Monsour was reappointed to the Board in April 2004. Don is immediate Past President of the Council of Tourism Associations of BC (COTA) and currently chairs the Product Innovation and Enhancement Committee of the Canadian Tourism Commission (CTC). He is also the Chair of Chairs for the CTC, and is Past President of the British Columbia Restaurant and Foodservices Association.

Sue Morhun
Sue Morhun was appointed to the Board in 2000. She is the Manager of Community and Heritage Services for the Township of Langley, and has promoted the history of British Columbia for more than 25 years, receiving several awards for her leadership in heritage preservation and museum studies.

Stephen Smith
Stephen Smith was appointed to the Board in April 2000. He is the Owner and General Manager of the Crest Hotel in Prince Rupert, and former director of the British Columbia & Yukon Hotels' Association. In addition, he was previously a president of the Northern British Columbia Tourism Association and Tourism Prince Rupert.

Allen Tozer
Allen Tozer was appointed to the Board in March 2002. He is currently with Lexlaur Properties Inc. Formerly, he was President of the Thompson Okanagan Tourism Association in 1998, and of its precursor – the Okanagan Similkameen Tourism Association – from 1995 to 1998, after serving five years as a director.

Nick Worhaug
Nick Worhaug was appointed to the Board in July 1997. He is Canadian Director, H.E.R.E. International Union, a member of the Tourism Human Resource Development Working Group and a member of the People Development for the Tourism Industry Project, part of the BC Tourism Human Resource Task Force. Mr. Worhaug's term expired March 31, 2005.

TOURISM BRITISH COLUMBIA OFFICERS

Rod J. Harris, *President and Chief Executive Officer*
Rod Harris was appointed CEO and president of Tourism British Columbia by the Board of Directors upon its establishment as a Crown corporation in 1997. He has held senior management positions in the private and public sectors, including serving on the Board of the Canadian Tourism Commission.

Grant Mackay, *Vice President, Advertising & Promotion*
Grant Mackay was appointed vice president of Marketing & Sales in 1997, and is responsible for developing Tourism British Columbia's marketing and sales strategies. He joined Tourism British Columbia in 1995 after 17 years of management experience in the packaged-goods industry.

Rick Lemon, *Vice President, Visitor Services & Sales*
Rick Lemon was appointed vice president of Tourism Operations in 1997 and has been with Tourism British Columbia for 26 years. He is responsible for visitor services and sales, tourism product management and research training services. Rick designed the groundbreaking *SuperHost*® training program and has been extensively involved with tourism development throughout British Columbia.

Don Foxgord, *Vice President, Marketing Development*
Don Foxgord was appointed vice president of Business Development in 1997 and is responsible for business development, *British Columbia Magazine*®, corporate communications and industry development. He joined Tourism British Columbia in 1987 after four years as regional manager of the British Columbia Rockies tourism region and has extensive experience in developing tourism around the province.

Len Dawes, CA, *Chief Financial Officer / Executive Director, Corporate Services*
Len Dawes was appointed CFO / executive director of Corporate Services in 1998, and is responsible for Tourism British Columbia's financial, information and administrative systems.

Rose Moss, *Executive Director, Human Resource Development*
Rose Moss was appointed executive director of Human Resources in 2000. She is responsible for developing and implementing Tourism British Columbia's human resource infrastructure, which includes compensation, performance management, career development, recruitment, succession and labour relations. She has extensive HR experience in the private and public sectors.

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GLOSSARY

Many of these terms are relevant for the British Columbia tourism industry.

ADS – Approved Destination Status (with China)

CICA – Canadian Institute of Chartered Accountants

CTC – Canadian Tourism Commission

DMO – Destination Marketing Organization

DMS – Destination Management System

FIT – Fully Independent Travel

FAM – Familiarization Tour of Tourism Product

HRD – Human Resource Development (British Columbia Tourism HRD Task Force)

GAAP – Generally Accepted Accounting Practices

ITB – International Tourism Bourse

RDMO – Regional Destination Marketing Organization

SICEAI – Softwood Industry Community Economic Adjustment Initiative

TAWNC – Tourism Alliance for Western and Northern Canada

TBC – Tourism British Columbia

TIAC – Tourism Industry Association of Canada

TIC – Tourism Industry Conference

WED – Western Economic Diversification

VIC – Visitor Info Centre

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